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BOARD OF PUBLIC WORKS

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PRESENT

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Treasurer

HONORABLE PETER FRANCHOT
Comptroller

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Recording Secretary, Board of Public Works

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PROCEEDINGS

LIEUTENANT GOVERNOR RUTHERFORD: As you can see, the substitute is in again today because the Governor is not here. But I really don't have anything major to say other than good morning. It's a good autumn day. And we're about to start. Madam Treasurer?

TREASURER KOPP: Thank you, Governor. I do have something to say. And you know, I hardly ever write something down but on this occasion I thought I would and I hope you'll forgive me. And it has to do with the last week that we've all been experiencing, the last ten days. And I want to say it's been a very difficult week and a very divisive campaign. The decision has been made although the country I think is still processing it.

It's been a tough time and will continue to be tough in the coming months and years. I have been on the losing side of many campaigns, starting many years ago. But this one is different. And while I'm dedicated to the American Constitution, all parts of it, including the threatened First Amendment, and our system of peaceful transition of power which is unique in this world I believe, I clearly recognize that Mr. Trump is the executive-elect. I also note that I have great respect for that office but continue to abhor racism, anti-Semitism, xenophobia, and bashing of women and immigrants, and will always oppose the unacceptable threat of authoritarianism and bullyism that characterized so much of the campaign and I hope and pray will not characterize our future. And I still

believe and hope my six-year-old grandson and granddaughter truly believe and take faith that a qualified woman will someday be President of the United States, though probably not in my lifetime.

I want to say that I appreciate the open opposition of the Governor and the Comptroller to much of what Mr. Trump said and what was done and trust you will continue to speak out if or when the new regime reverts to the use of despicable language, threats, and actions. And we should also speak out now when this type of behavior appears in our own communities, at the school for instance that my sister went to down the street where we have seen swastikas painted and racial threats painted on the walls. This is wrong. It should have no place in Maryland. It should not be permitted in our communities. And I trust we all agree on that.

I'm proud of Maryland. We have had a history of struggling over decades, and in fact centuries, to eventually approach a state characterized by civil liberties and toleration. We had the Jew Act quite a while ago. But it has not been constant progress and I do think that we have a unique respect for the diversity of our citizens and the importance of that to our economy. And I trust that that will be not only continued but protected.

We heard from the President-elect over the weekend what some of his plans are. And I hope, Mr. Secretary, that the Department of Budget and Management and the Department of Human Resources are prepared for the

impact of some of the actions, prepared to establish the foster, or strengthen our foster care system for instance to take care of citizen children whose parents are deported, to deal with the impact on the health system, on the hospitals, and on the healthcare costs of perhaps doing away with our voucher, and certainly the impact of the changes on the ACA. And I hope that we will continue to make progress protecting the environment and the Bay. This administration, and the past Maryland administrations, have stood strong for the environment and continue, Mr. Secretary, your work adapting to the impact of climate change which surely is going to continue whether any of us believe it or not. We've made great progress. And I commend you and hope that we will all continue to and Maryland will remain strong and civilized. With that, I thank you, Mr. Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Mr. Comptroller?

COMPTRROLLER FRANCHOT: Thank you, Lieutenant Governor. And good morning, Madam Treasurer. Last night my office held its second State government job fair in Baltimore City, which drew over 500 job seekers with diverse professional backgrounds, talents, and experience. It was a highly successful job fair due in large part to the hard work of my staff, who organized it. But also Governor Hogan and Lieutenant Governor Rutherford, you allowed seven State agencies and then in addition there were four governmental

and nonprofit partners, those 11 joined us in providing information and additional resources to the attendees. So I'd like to thank all the exhibitors, my staff, and Humanim, which is the organization, the facility where we held it. And thank them for their roles in providing a meaningful and valuable experience for the hundreds of Marylanders who attended last night. I wish all of you could see the folks that were lined up. To a person they were talented, skilled, enthusiastic. Many of them were military veterans, college grads. One woman had worked 29 years for the Comptroller's Office and wanted to come back. So but just an unbelievable turnout and experience.

TREASURER KOPP: Peter, can I just interrupt --

COMPTROLLER FRANCHOT: Yeah.

TREASURER KOPP: -- is there a way you could take, not televise the whole thing, but quite seriously --

LIEUTENANT GOVERNOR RUTHERFORD: The screen?

TREASURER KOPP: -- take some, so that people around the State could realize what, I mean, I think that's a really good message --

COMPTROLLER FRANCHOT: Yeah. No.

TREASURER KOPP: -- beyond just for the people who were there.

COMPTROLLER FRANCHOT: And I don't mean to be, appear like a neophyte and say that I was surprised at the fact that --

TREASURER KOPP: So many --

COMPTROLLER FRANCHOT: -- not just some but every single person had something to offer and they just needed a job. So yeah, I love that idea and we will follow up on that and I just wanted to thank Governor Hogan and Lieutenant Governor Rutherford for joining in.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

COMPTROLLER FRANCHOT: And you know, we're going to end up at the end of the day with a couple of hundred new employees in State government that, you know, have appeared at these two job fairs.

I'd also like to just, as the Treasurer mentioned briefly about last Tuesday's election, I'd like to thank every Marylander who showed up at the polls to take part in the democratic process. And I also want to thank the election judges and the volunteers for political candidates, in addition to the voters who cared enough about their country and community to cast a ballot.

I'd like to congratulate those who won. We're obviously focused very heavily on the national election, but there were lots of local elections. I'd like to congratulate all the winners and salute those frankly who gave their best but came up short. I don't recall the Treasurer ever losing an election so --

(Laughter.)

COMPTROLLER FRANCHOT: -- I have and it hurts and --

TREASURER KOPP: Peter, Peter, Peter --

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COMPTROLLER FRANCHOT: Which one? Oh, for that -- yeah.

Well, that was an inside game. That wasn't --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: That's why I'm sitting in between them.

(Laughter.)

TREASURER KOPP: He was my faithful --

COMPTROLLER FRANCHOT: Yeah. Everyone knows it's not easy to put your name out as a political candidate and invest countless amounts of time, energy, and effort in running for office. So all of the candidates deserve our thanks and admiration for engaging the electorate with their visions and platforms for our communities, our State, and our country.

The presidential contest obviously did not go the way that I hoped or the way most Maryland voters would have preferred. But the American people had their say. It's a time to respect the outcome of the election and wish our President-elect well as he assumes the presidency in a time of great uncertainty here at home and abroad. I must say that some of President-elect Trump's transition appointments have given me room for pause and don't exactly set an encouraging tone at the outset. But I'm inclined as an American, first and foremost, to give the President-elect an honest chance to rise to the occasion and

fulfill his mandate to lead after a hard fought deeply divided election. Thank you, Lieutenant Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. And I want to, you know, just comment on something that you just said. And that is the importance of voting. The turnout this time around was particularly low. This was the lowest national turnout since 2000. Maryland's turnout was not as well as it has been in the past. And so I think, you know, from a personal standpoint and I think it is, it shows that there were, there was a large percentage of the populace that wasn't satisfied with either candidate and were not excited. And maybe part of it was the tone of the election in terms of the vitriol that was shown. But people did not come out and vote. And so at this point, as the Comptroller said and as the Treasurer said, we're looking to move forward.

I know as far as the Governor and I are concerned, we are focused as we have always been on Maryland and making sure that we change Maryland for the better. Similar to your program yesterday, Transportation and the Department of General Services had their second, I don't call it second annual until you get past a certain threshold.

TREASURER KOPP: I love first annual events.

LIEUTENANT GOVERNOR RUTHERFORD: Yes. That just bugs me so much when I see that. But their second small business training

program. And they had, I don't remember -- do you know the number of businesses, Secretary Churchill, that attended yesterday?

MR. CHURCHILL: A little over 300.

LIEUTENANT GOVERNOR RUTHERFORD: A little over 300 small businesses, small and minority businesses, women-owned and veteran-owned businesses, came to be trained on writing solicitations, meeting with program managers and the procurement professionals about projects that are coming down the pike that similar to being able to hire people we have to have a strong economy. And so we've been focused on that as a major priority of improving the State's economy and part of which as the State buys some \$4 billion to \$7 billion in goods and services every year we want to make sure that those job generators, which are small businesses, are able to play in that marketplace. So with that said, we have --

TREASURER KOPP: Could I just jump in and say one more thing --

LIEUTENANT GOVERNOR RUTHERFORD: One more thing.

TREASURER KOPP: -- very briefly. The country lost a great journalist, Gwen Ifill --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, yes. Yes.

TREASURER KOPP: -- in the last week. And I don't know if there are many people who remember when Gwen Ifill was covering Annapolis --

LIEUTENANT GOVERNOR RUTHERFORD: Hm.

TREASURER KOPP: -- for the *Evening Sun*, yes, before she went on to broadcast journalism, and then for the *Washington Post*. She was always a very tough, but I thought pretty fair, reporter who sometimes got into little tussles with former Governor Schaefer.

SECRETARY MCDONALD: Schaefer.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Oh, who didn't?

(Laughter.)

TREASURER KOPP: -- but who didn't? And will be sincerely lost.

LIEUTENANT GOVERNOR RUTHERFORD: Very good. Very good point. Madam Secretary, after the Secretary's Agenda we'd like to move General Services up.

SECRETARY MCDONALD: I was going to say, do you want to go ahead and do the Secretary's Agenda first, though?

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

SECRETARY MCDONALD: Oh, okay, good. And then we can go straight over to Secretary Churchill. So this morning on the Secretary's Agenda there are 13 items. We are withdrawing Item 9. We also have two reports of emergency procurements.

LIEUTENANT GOVERNOR RUTHERFORD: I have a question about the first item.

SECRETARY MCDONALD: All right. Item 1 is a proposed advisory that the Board of Public Works office is recommending that the Board of Public Works issue concerning the expenditure of General Obligation Bonds.

TREASURER KOPP: I think I could -- correct me if I'm wrong. This is the present law.

SECRETARY MCDONALD: Oh, correct. Right. Absolutely.

TREASURER KOPP: The present system.

SECRETARY MCDONALD: Absolutely.

TREASURER KOPP: At times people have forgotten and done projects that were funded with bonds and just --

LIEUTENANT GOVERNOR RUTHERFORD: Did not?

TREASURER KOPP: -- did not bring them or brought them in PAARs and not ahead of time. And in terms of our process, going after issue, signing the bonds, recording the bonds with the IRS, and accounting for them, it really is necessary that there be a full public record of the use of the bond proceeds in order to keep the status.

LIEUTENANT GOVERNOR RUTHERFORD: Right. And this is part of, also, is it part of the Aging Schools project?

SECRETARY MCDONALD: So what happens here generally though is that the State Finance and Procurement Law is actually two different laws, the State Finance Law and the State Procurement Law.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

SECRETARY MCDONALD: But they are all in one book. So a lot of agencies that might be exempt from procurement where they have to come to the Board of Public Works, they're like, oh, we're exempt from the procurement laws. It's the State Finance Law that the Treasurer is talking about that requires those proceeds to be coming from the Board of Public Works regardless of how ever much money is being expended. So we did find that there were perhaps some, I don't have any record that the Board of Public Works approved expenditures from General Obligation Bond proceeds concerning the Aging Schools Program by non-public schools.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, the non-public schools? Okay.

SECRETARY MCDONALD: So that, and two other things the Treasurer was talking about, just a small contract but it was reported to us instead of asking for permission just reminded us that we needed to remind all agencies that the State Finance Law requires this to come to the Board. So we are merely restating what people should have known over time.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Very good. So many people talk about that for whatever reasons they think going to the Board of Public Works is troublesome.

TREASURER KOPP: Yeah.

SECRETARY MCDONALD: We try to make it --

LIEUTENANT GOVERNOR RUTHERFORD: And I think it's a wonderful program. I think, you know, Maryland is unique in having the Board of Public Works in terms of when we talk about transparency, being able to shine the light of day on what the State is doing. And if you really, who was it who said follow the money? But if you really want to see how the State operates, that's why everyone is here. They are watching how the State operates, how government works. And so the oversight that is provided is absolutely necessary and I appreciate it. I was one of those nerds when I was sitting over there. They're not nerds, but I was.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Because Jim Ports doesn't like this so --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: I enjoy the Board of Public Works. But I didn't --

SECRETARY MCDONALD: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: I think that was the only question I had for the Secretary's Agenda. Any other --

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: All right. We're all in favor. Thank you.

SECRETARY MCDONALD: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We're going to take General Services first.

MR. CHURCHILL: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Ellington Churchill, the Secretary of General Services. The department has 21 items on our Agenda today, including two supplementals. We are withdrawing Item 6. We'll be glad to answer any questions for you that you have at this time.

LIEUTENANT GOVERNOR RUTHERFORD: I have a question on 2-AE.

MR. CHURCHILL: We will call up Assistant Secretary Lauren Buckler.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MS. BUCKLER: Good morning. For the record, I'm Lauren Buckler, Assistant Secretary of Design and Construction for General Services.

LIEUTENANT GOVERNOR RUTHERFORD: The decision to put out this indefinite delivery, or indefinite quantity, it's not an IDIQ, but contract, how did you decide on going in this direction versus using the Small Business Reserve Program?

MS. BUCKLER: We're going to do both. So there's a small business version of this coming out. It's been drafted. It just hasn't come out on eMaryland Marketplace yet.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Okay. Because that was a concern I had when I saw that the individual projects can't exceed \$300,000. That is well within the reach --

MS. BUCKLER: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: -- of the smaller A&E firms.

MS. BUCKLER: We agree.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. I don't have any other question on that. Thank you. That's what I wanted to know.

MS. BUCKLER: Thank you.

TREASURER KOPP: Is, I have a, is there a place that we can in the future look back and see what proportion of awards were actually made under Small Business that could --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: -- have been made, or under this contract that could have been made under Small Business? Or, I mean, I don't know what sort of records you keep.

MS. BUCKLER: So we do keep records on every task order we issue under this. So we would have records on who they went to and the dollar amount and what the scope of services was. If that's an answer --

TREASURER KOPP: So it could be matching, or it could be --

LIEUTENANT GOVERNOR RUTHERFORD: Well and I think one of the things, too, is just looking at what contracts have been awarded --

TREASURER KOPP: That's what --

LIEUTENANT GOVERNOR RUTHERFORD: -- and looking at dollar threshold levels.

TREASURER KOPP: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: To say to make that determination of where contracts can be set aside for small businesses to compete against each other. And that's a point. I said set aside, but it's really, it's a competition amongst the small business businesses themselves. So it's looking at, like I said, looking at something where you have an indefinite quantity contract but it's a \$300,000 threshold, or may not exceed \$300,000 on an individual task order. Small businesses can do that with no problem. And so it's

looking at those types of things and saying, I mean, there may be some specific skill sets that you need that, you know, I don't know if you have marine engineers are in the Small Business Reserve program, that may be something that's unique that you have to have that type of skill that only a larger firm has. But for some of the general work, that's where we, so we just want to keep an eye on that type of thing.

MS. BUCKLER: We completely agree. So we did look at historically what we've done on all these IQCs, how many task orders, what the dollar thresholds were to try to figure out where we could fit small businesses in. On this one we agreed to do two separate procurements, and then the plan is to rotate them together on the same contract at the end of the day. So as task orders come up it's whoever is next in line.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. BUCKLER: So the small businesses would have the same opportunities as these two businesses being awarded right now. But if they don't have the skill sets we would pass and go to the next firm and still come back to that small business when they have the skill sets.

TREASURER KOPP: Oh, okay. Okay.

MS. BUCKLER: So we do believe they can do this threshold of work. But we wanted to make sure we balance the technical abilities and had access to all the abilities that we need.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Very good. Well while you're here, and let me just ask about 5-G. It deals with the Enoch Pratt Library.

MS. BUCKLER: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Now this task order is under an existing IQC contract that's going to KCI. So that contract expires next year. So you're going to have some overlapping IQCs because the one if we approve, the one I just talked about, you'll still have two contracts in place with fairly large A&E companies. Is that something that typically is done, that you would have that overlap? And then you're going to be putting out a third which is going to go to the Small Business Reserve? How does the contracting officer -- I know. I just asked three questions in a row and you probably don't remember them. How does the contracting officer make the decision which one to use?

MS. BUCKLER: So they have different skill sets on these different IQCs.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. BUCKLER: They do have some other things they can do but there's predominant skill sets on each IQC. So --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. BUCKLER: -- as the items come up we look for what's the predominant skill set of that item we're requesting and then which IQC does it go under.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. BUCKLER: So there are roughly ten to 15 IQCs active at any one time --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. BUCKLER: -- for different predominant skill sets.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right.

TREASURER KOPP: What's an example of a predominant --

MS. BUCKLER: The one that you have before you on Item 2 is for scheduling and claims analysis.

TREASURER KOPP: Okay.

MS. BUCKLER: So predominantly if we had a claim on one of our projects and we need an expert witness to come testify on behalf of the State that analyzes that claim from a construction perspective we'd be pulling from that contract. But there is some, there's some overlap in some of that with some of the other IQCs that we have, depending on what that claim would be about. If it's general claims on schedules and timelines it would be on that. If it was a claim about how an air conditioning system was designed, maybe we would pull

somebody from our mechanical on call that has more experience with mechanical systems than necessarily directly with claims analysis. So it's a judgment call.

COMPTROLLER FRANCHOT: Did you just mention air conditioning?

(Laughter.)

MS. BUCKLER: Sorry.

LIEUTENANT GOVERNOR RUTHERFORD: There goes the dog whistle.

MS. BUCKLER: Sorry for that.

(Laughter.)

MS. BUCKLER: It was an example about on call contracts.

LIEUTENANT GOVERNOR RUTHERFORD: It could be heat as well.

(Laughter.)

MS. BUCKLER: Does that --

LIEUTENANT GOVERNOR RUTHERFORD: All right. I'm fine. Any questions? Any more questions?

TREASURER KOPP: Thank you.

MS. BUCKLER: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. That was very informative. And I think we have, do we have someone here to talk about Item 8? Was that --

SECRETARY MCDONALD: Yes, they can. Well actually, would Secretary Churchill like to present Item 8?

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

SECRETARY MCDONALD: Which is a lease for, in Frederick County, Department of Human Resources. But --

LIEUTENANT GOVERNOR RUTHERFORD: Retroactive.

SECRETARY MCDONALD: -- we do have County Executive --

MR. CHURCHILL: Yeah. I would ask that Assistant Secretary Wendy Scott-Napier come to the podium.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MS. SCOTT-NAPIER: Good morning. Wendy Napier, Assistant Secretary for Real Estate. So we have an item, 8-LT, before the Board today. Unfortunately we are in a difficult position that we're asking for retroactive approval of the rental for the DHR Child Support Office in Frederick County.

We issued a new RFP for a new location for this agency sometime in the summer of 2015 at the request of DHR. They provided geographic boundaries to us at that time of where they wanted to locate the new facility. We proceeded to go through the procurement process and at the same time as we were

nearing the conclusion of the process we were trying to negotiate a lease extension with the existing landlord so we would not find ourselves in this position.

The results of the procurement were that we received five proposals and the current landlord, the Nathan family, was the highest of the five proposals received. They had nearly doubled their rent in this procurement process. So in accordance with State Finance and Procurement we are not permitted to pay a rent that is 15 percent above the market value. So we were not able to award to them. So we advised DHR of this. We also advised the Nathan family that they were not being selected. Negotiations on the lease extension were not successful after that. So we find ourselves where we are today.

We did understand after the procurement officer's decision was issued of which proposal to award to, we did understand at that time that there were concerns by Frederick County and by DHR about the transportation to the new site that was selected. So we had the proposers hold their lease offerings to us for an initial 120-day period while we tried to navigate through and see if we could seek a resolution. At that time we lost several of the proposers. When we hit June we again asked for the proposers to hold and at that time all but one dropped out. So we were left with only one proposer who was still interested in leasing a property to the State for the services. So we do understand there are concerns about transportation.

The request today is just for the retroactive lease period through today, to cover the rent that was, and lease that was negotiated with the existing landlord. We are not bringing today the new lease and I have spoken with the Delegate and with the County Executive and we would be happy to meet outside of the meeting today to talk more about the transportation concerns and see if we can find a resolution in some form.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. SCOTT-NAPIER: So I'll let the county folks speak now.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you.

COMPTROLLER FRANCHOT: Could I --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, I'm sorry.

COMPTROLLER FRANCHOT: Could I ask a question? Yeah.

MS. SCOTT-NAPIER: I'm sorry.

COMPTROLLER FRANCHOT: No. So this is kind of an odd situation, I guess. But we're going from, as you just testified, we're going from five bids to a single bid. Is that what you're planning to bring back before us?

MS. SCOTT-NAPIER: It won't be a, it will be a single entity that as a result of the time period that lapsed they were the only ones that would hold the price. We don't view it as a single bid from that perspective because there were five proposals that we had initially. At first two had to decline. They could

not hold the price. They had other parties that were interested in leasing their location so they were not able to hang in there with us through the process. So we have this one proposer out of the original five. And his proposal was, I think it was second lowest. We lost our best, what would have been the best lease price for the State. We lost that proposer in the process. So this person was the second best.

COMPTROLLER FRANCHOT: Okay. So it's a solo bid, I guess

--

MS. SCOTT-NAPIER: Solo bid.

COMPTROLLER FRANCHOT: -- how did we get to the point where we couldn't even negotiate a proper lease with the landlord? Why are we doing this retroactively?

MR. SCOTT: The, in speaking with the county folks I think some of what they're going to share will corroborate what my knowledge is, that this landlord, he's actually a surgeon by trade so he's not in the business world. And what we encountered through the negotiation process, I believe he has hired a new broker to represent him now. But we encountered just a lot of difficulty and lack of understanding in the lease brokerage process. He didn't understand certain requirements in his existing lease. He didn't understand the negotiation process. We did spend a lot of time, a lot of meetings trying to explain things. That's one of the reasons I can come up with. The other thought is that I think he thought

that he had some leverage, perhaps. And unfortunately we are paying a higher rent in this lease extension --

LIEUTENANT GOVERNOR RUTHERFORD: Significantly higher.

MS. SCOTT-NAPIER: -- than we would have liked to. But it is, but it is still within, it's below the 15 percent that we are not permitted to pay. So we were able to at least negotiate under the 15 percent increase.

COMPTROLLER FRANCHOT: Mm-hmm. Well I'm looking forward to the County Executive. But Mr. Secretary, have you ever experienced this kind of situation? Where a landlord refuses to negotiate in good faith?

MR. CHURCHILL: From the private sector, no. But Assistant Secretary Scott is correct. When you have an owner of a property that is inexperienced with the real estate leasing process and you have to go and do a fair amount of education to try to bring them up to speed in terms of the terms of the contract, it is difficult. I can say that our department spent a number of hours with this owner of the property to try to bring them to understand the terms of their contract.

COMPTROLLER FRANCHOT: Okay. Well is there something that the State can do to protect its interests? Because as the Lieutenant Governor said, we're paying --

LIEUTENANT GOVERNOR RUTHERFORD: A lot more.

COMPTROLLER FRANCHOT: -- top dollar and --

MS. SCOTT-NAPIER: Our normal protection, if I could add this, is that we do have a six-month period where we're allowed to extend the prior lease terms. This was a very unusual lease in that we had removed that language at the request of the landlord five years ago when we renewed the lease with him at that time. So that's, that is our protection, that normally we have that six-month window. This time we happened to find ourselves in the unfortunate position of not being able to negotiate with him in a timely manner.

LIEUTENANT GOVERNOR RUTHERFORD: And I will tell you as a former Secretary of General Services, I don't remember that happening. And I will just say this, that I wouldn't have agreed to that if I was still Secretary. And it wasn't your call, I know. So okay. Well thank you. I think we should hear from those who've come to testify.

DELEGATE KRIMM: Good morning, Lieutenant Governor, Mr. Comptroller, Madam Treasurer, cabinet secretaries, my name is Delegate Carol Krimm. I represent the City of Frederick and other parts of Frederick County in the General Assembly. And I'm here in support of the lease extension, your Agenda item. But the County Executive and I thought it would be best to come to you before the lease for the relocation of these services to another building that is really on the very fringes of the City of Frederick, far away from where our Human Services agencies are, like the cold weather shelter, the Frederick County

Community Action agency, the Rescue Mission, the family shelter. All of these services are within the core of the City and having the Department of Social Services there is also very important for the delivery of those services.

If you're talking about moving those services out to the fringes of the City it really puts a grave strain on people who need those services to get to that building. We have hundreds of people who walk into the building right now for services. We have people who take transit. All of our transit is located, we have a transit center right across the street from the Department of Social Services.

So I do want to say that I hope we can reconsider this decision. I think the RFP was flawed in that it described an area, a radius where this new building could be located. And I think that was far away from where the highest and best delivery of the services could be. So I had a brief conversation with Secretary Churchill this morning and I hope we can come to some kind of an agreement of rebidding it, doing something different, between now and next month when that new lease will be before you. So the County Executive also has some comments, but thank you so much. And thank you to all your staff. I just want to say that. Your staffs have been so helpful. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MS. GARDNER: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MS. GARDNER: Thank you for giving us time on your Agenda today. And I am Frederick County Executive Jan Gardner, and I do agree with the comments just provided to you by Delegate Krimm. We do support what's before you today but we are concerned about the relocation of the Department of Social Services out of the core of the Downtown City of Frederick.

They have been located in the William Donald Schaefer Government Center in the City of Frederick for over 20 years. This used to be a State building at one time. And the clients that are served by Social Services, over 90 percent of them live within the City of Frederick. And this is co-located with other similar services that provide help to our most vulnerable children and their families. Emergency energy assistance, for instance, is located in the same building and many county and city services are located nearby.

No other location in the county or in the city really has the level of transit service that this location has because it is a block away from our transit center and so we have a very high level of transit service there. And when you go outside the area of the downtown City of Frederick, transit service drops off significantly. And I think it's important to point out that we have over 300 people a month who walk in for service.

I would agree with Delegate Krimm that the RFP process has been flawed in that the lease defined a geographic area that included most of the county and areas outside the City of Frederick. And I do, we've tried to not involve

ourselves in the procurement process in any way because we respect that process and the State's need to do due diligence on its lease. But we wanted to raise our concerns with you here today because I believe we will be joined by many of our nonprofit human service agency partners if there is a decision to try to move these services outside the core of the Downtown City of Frederick.

So if it could be rebid with that geographic area around the core of the City of Frederick, I think that would be beneficial to all of us. I think there are more issues than just transportation, even though transportation is certainly one of them. I do have a letter from the Mayor of the City of Frederick. He could not be here with us today, and that will be handed out to you. He certainly concurs with the comments you've heard from Delegate Krimm and myself. But in addition he does highlight to you that the current landlord has now hired a commercial broker who I think may negotiate in a different manner than what has been experienced in the past. But his letter also indicates all of the other agencies and services that are located within walking distance of the current location. So we come here to speak out of concern for efficient and effective delivery of services to the clients that are served by Social Services. So thank you for your consideration.

LIEUTENANT GOVERNOR RUTHERFORD: Well I appreciate that. It's unfortunate, though, that the landlord just either didn't want to cooperate or thought his property was worth more than what it really is. And I'm not sure that if you draw the boundaries differently, let's say smaller, that it's going to

result in a lot of difference. I mean, they had a maybe, based on what was said there was a broad geographic boundaries and they received five bids and I imagine some were closer to the core than others, but still the prices seem to be fairly high for the one that's in the central core. He's now willing to come back at a lower price after he lost, basically.

MS. GARDNER: Well I can't speak for him and what he --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Oh, okay.

MS. GARDNER: -- will or will not do.

LIEUTENANT GOVERNOR RUTHERFORD: Well, okay. I won't get --

MS. GARDNER: I really don't want to get into the procurement. But I do believe that all the other bidders were outside the City of Frederick.

LIEUTENANT GOVERNOR RUTHERFORD: But this one, the number two is not outside the City?

DELEGATE KRIMM: It's right on the edge.

MS. GARDNER: It's right on the edge of the City of Frederick.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. It's just not in the core.

MS. GARDNER: It's not in the core of downtown.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MS. GARDNER: It's not within walking distance to all of these other services. And so that's just, we really wanted to come and speak for --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. GARDNER: -- the people that we collectively serve there.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I see.

Questions?

TREASURER KOPP: No. Except I look forward to the conversations. I mean, I think I, Frederick is, the City of Frederick is developing

--

LIEUTENANT GOVERNOR RUTHERFORD: It's booming.

TREASURER KOPP: -- obviously. It's, and there's that and then on the other hand the people who need services --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: -- need them and you shouldn't have to go all over kingdom come from one place to another to access something that is your legal right. So the question is how will we --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. I think it's a challenge in a lot of places where development is occurring. I was just in Frederick City with my family two Sundays ago. And it is bustling downtown in the historic district. And that's, you see that happening in my hometown of the

District of Columbia. Neighborhoods that once were not so great and that were just okay, 14th Street.

SECRETARY MCDONALD: Fourteenth and U --

LIEUTENANT GOVERNOR RUTHERFORD: Fourteenth and U? I was mugged on 14th and U. And now I got run over by a yuppie on a bicycle or something.

(Laughter.)

SECRETARY MCDONALD: I'm not even going to ask why you were at 14th and U to begin with.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, really. Yeah. At that time, probably was, actually I was going to the movies. That was a movie theater.

SECRETARY MCDONALD: There you go. I remember that.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. So yeah, that's a challenge that occurs in a lot of these cities and how you still balance that.

TREASURER KOPP: And how we -- can I just ask one question? The services you said that are all together. Are those all State services? Or county services? Public, private, what?

MS. GARDNER: They are State services, county services, city services, and nonprofit human service agencies. They are all within --

LIEUTENANT GOVERNOR RUTHERFORD: But are they all in that building?

MS. GARDNER: They are not all in that building --

LIEUTENANT GOVERNOR RUTHERFORD: They're not in the same building, okay.

MS. GARDNER: -- but they are all within a walking distance.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. GARDNER: So the Community Action Agency is two or three blocks away. There are some other services in the building itself, the same building. But you know, most of our services are in the core of downtown.

LIEUTENANT GOVERNOR RUTHERFORD: You probably --

MS. GARDNER: So you could walk from one to the other.

LIEUTENANT GOVERNOR RUTHERFORD: Just to project, they are probably going to face something similar in a couple of years. Because particularly if it's at the transit hub and it's on the edge of this bustling area of Frederick, the value of those properties are going to cause those owners to increase their rents when it comes time. And I think you're going to find that some of those agencies are going to start to move to different places as well.

MS. GARDNER: We're going to do our best to keep our services downtown. We have an agreement with the City of Frederick to do that for a number of reasons.

TREASURER KOPP: You the county?

MS. GARDNER: Yeah, the county. You know, we own most of our own buildings downtown too, so --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. GARDNER: -- we aren't in the same situation with leasing space. In fact, my objective is to get out of leased space and into county owned space.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. GARDNER: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: All right. I want to point out 21-GL, Mr. Secretary.

MR. DEMBROW: May it please the Board, my name is Dana Dembrow, Director of Procurement for the Department of Health and Mental Hygiene. I'll have no further comment except to introduce the panel of executive professionals who have been managing and coordinating this important grant. David Iannucci is here, he's Senior in Charge of Economic Development; Mark Wasserman for the University of Maryland Medical Center; and with me from DHMH is our Director of Capital Planning and Budgeting. That's Jim Soucy. If you have any questions, they will be happy to respond.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I was expecting Cathy Ensor --

MR. CHURCHILL: Cathy Ensor is --

LIEUTENANT GOVERNOR RUTHERFORD: -- to come up.

But --

MR. CHURCHILL: Cathy?

SECRETARY MCDONALD: Cathy Ensor --

MR. DEMBROW: Cathy Ensor is here as well.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. DEMBROW: I think she's also --

LIEUTENANT GOVERNOR RUTHERFORD: I just, it's your item, right?

SECRETARY MCDONALD: Yes. DGS Capital Grant Manager, why don't you come to the podium and introduce your Item 21?

LIEUTENANT GOVERNOR RUTHERFORD: Cathy? I'm old-fashioned. I like DGS to discuss their items.

MS. ENSOR: Okay. I'm Cathy Ensor with the Department of General Services. This is a bond bill authorized to Department of Health and Mental Hygiene for a grant to, for the construction of a new regional hospital in Prince George's County. And there are representatives here from Prince George's County and University of Maryland Medical System and DHMH who can answer your questions.

LIEUTENANT GOVERNOR RUTHERFORD: The only thing I wanted to point out that I think there has been confusion at least for some on the outside perhaps than others, that this is really not additional money. This is the part of the money that was already stated is going to go to the hospital and this is for the acquisition, site acquisition and design for the property, correct?

MS. ENSOR: It's not additional money.

LIEUTENANT GOVERNOR RUTHERFORD: It's not new money that was in addition to what was already advertised, published --

SECRETARY MCDONALD: It's in the 2015 MCCBL.

LIEUTENANT GOVERNOR RUTHERFORD: It's in the --

SECRETARY MCDONALD: It's been in the MCCBL for two years.

MS. ENSOR: Right.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. ENSOR: It's not new money --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MS. ENSOR: -- and the Bond Bill does authorize for construction, acquisition site work. So where they are at this point is putting together the parcel where the new hospital will be built. And so the funds that were encumbered earlier for the 2013 Bond Bill have been used toward the design of the hospital. They're in the process now of actually acquiring the property and this money that

will be approved today hopefully will be used to go to settlement in a short period of time.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Very good. I was going to ask for maybe Mark Wasserman to come up and, unless you have questions for Cathy?

MR. WASSERMAN: Good morning. I'm going to ask my colleagues, Sherry Perkins and David Iannucci to join me, if I might?

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. WASSERMAN: So my name is Mark Wasserman. I'm with the University of Maryland Medical System. To my right is Sherry Perkins, Executive Vice President of Dimensions Health; to my left is David Iannucci with Prince George's County Deputy Chief Administrative Officer. I could spend the rest of the day talking to you about this.

LIEUTENANT GOVERNOR RUTHERFORD: We don't have the rest of the day.

MR. WASSERMAN: I'm going to try to compress this. What, just to remind you, what's the big objective here? The big objective is to transform healthcare in Prince George's County, to stimulate the Prince George's County economy, and to get the State and county out of the subsidy business. So those are the three general objectives.

I want to mention we're joined by two attorneys in the back here who have been living this.

LIEUTENANT GOVERNOR RUTHERFORD: We don't need to hear from the attorneys.

(Laughter.)

MR. WASSERMAN: And you won't, Governor. At the moment where we are is a magic moment happened on October 20th. And that is two State regulatory agencies, Maryland Healthcare Commission awarded a certificate of need, and the Maryland Health Services Cost Review Commission has agreed with a course that this is viable and can support itself financially.

There have been, this has been an amazing experience. This has moved in fits and starts. Our world even before last Tuesday was changing dramatically and there were halts in this process as the Maryland Medicare Waiver was modernized. That cost a year in this project to adjust to that.

There was an arrangement with the developer that owns the site, or controls the site, I'll say, on which the hospital will be built at Arena Drive and the Capital Beltway, superb access, servicing both Southern Maryland and Prince George's County, second busiest trauma center in the State, open heart surgery. This will be regional in every sense of the word and it will bring academic medicine to Prince George's County.

We are in a complex real estate arrangement with RPAI, a real estate investment trust, which has a lease hold interest in the entire site that lasts another 70 years? Seventy-five years. So the simple mechanics of this are they are going to relinquish acreage and we have an option on a contiguous piece of property that will form the site for the hospital. There are, in order to close on this transaction there were two real estate actions that are required and there's a time sensitivity to this that was triggered with the award of the CON. I will admit, and I want to thank, you know, all these people who are flanking you and some behind here. We have, for your, for Board of Public Works purposes we have moved at warp speed and we appreciate everyone's cooperation here to get us to this point because we need to take down an option on a piece of property and buy out a lease hold interest. At the moment the only source we have are the appropriations you were mentioning, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. WASSERMAN: Which total \$92.5 million to date and the State commitment is to \$208 million, the rest to be filled out over the coming years. The county will do a one time borrowing in the spring. The University of Maryland Medical System will do the same. So just for the moment, we've been relying on, you've been very cooperative with us to allow first the design process to move even before the certificate of need was awarded. And now we're coming

to you asking for your help in allowing us to proceed with these two very time sensitive real estate transactions.

COMPTROLLER FRANCHOT: Can I ask --

LIEUTENANT GOVERNOR RUTHERFORD: Yes, absolutely.

COMPTROLLER FRANCHOT: Thank you, Mr. Wasserman, for that.

MR. WASSERMAN: You're welcome, Mr. Comptroller.

COMPTROLLER FRANCHOT: That was very helpful. I had a question about whether or not there is a project labor agreement in place for the construction of the new hospital?

MR. WASSERMAN: Yes, there will be.

COMPTROLLER FRANCHOT: There will be? Or there is? Or there --

MR. WASSERMAN: We have not entered into one formally but it is understood that that is what will happen.

COMPTROLLER FRANCHOT: Okay. And what impact does the national election with the repeal of the Affordable Care Act have on the plan?

MR. WASSERMAN: Well that is an interesting question, Mr. Comptroller. I was just talking with our CEO about that yesterday. Without, so kind of a brief, we're going forward.

COMPTROLLER FRANCHOT: Mm-hmm.

MR. WASSERMAN: But all of healthcare is kind of, just like everything else in this country, is in a great kind of moment of great uncertainty. For the State of Maryland, what happens to the waiver is a major question. Will this administration -- and I know Governor Hogan is committed to trying to preserve the waiver. And I forgot to mention Secretary Mitchell, who has been very understanding as we've wandered around in this. Then there is the question of the Affordable Care Act, what happens there. And layered on top of that is what will happen to Medicaid? All of which could put a lot of pressure on the viability of this or any other hospital. So, you know, the Maryland Hospital Association, Johns Hopkins, University of Maryland are monitoring this very closely. But, I guess in direct answer to your question it will not deter us from going forward. I mean, we're --

LIEUTENANT GOVERNOR RUTHERFORD: We don't know really what's going to happen.

MR. WASSERMAN: No.

LIEUTENANT GOVERNOR RUTHERFORD: So it's all speculation at this point.

MR. WASSERMAN: Right.

COMPROLLER FRANCHOT: Well it's --

LIEUTENANT GOVERNOR RUTHERFORD: We've just got to keep moving.

MR. WASSERMAN: Right. Exactly.

COMPTROLLER FRANCHOT: Well I'm not implying anything.

I just --

LIEUTENANT GOVERNOR RUTHERFORD: As Dori said, you've got to keep swimming.

MR. WASSERMAN: No, but it's a fair question.

LIEUTENANT GOVERNOR RUTHERFORD: Just keep swimming.

MR. WASSERMAN: Yeah, but it's a question that's being echoed everywhere.

COMPTROLLER FRANCHOT: Could I just ask a technical question? On the construction of the hospital itself, is that going to be done on a design bid or a construction management basis?

MR. WASSERMAN: Construction management.

COMPTROLLER FRANCHOT: Okay.

MR. WASSERMAN: There is an RFQ out right now. We intend to, and there's going to be a committee that involves the county, Dimensions, us, and so on, who will be involved in its selection.

COMPTROLLER FRANCHOT: Okay.

MR. WASSERMAN: We've gone out of our way to advertise and make clear in Prince George's County this solicitation.

COMPTROLLER FRANCHOT: Okay. Well be prepared for some questions on that. Because I believe that decision is adding 20 to 25 percent unnecessary additional cost to the whole project. And I feel very strongly about this. We're going to, I think the Lieutenant Governor has some questions when we get to the University Agenda. I have a lot of questions about what construction management has evolved into in the University System itself. And so I guess just maybe you could keep me in the loop --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. WASSERMAN: Sure.

COMPTROLLER FRANCHOT: -- as to your decision making because I am obviously a big fan of the renaissance of healthcare in Prince George's County. I'm a huge fan of the project. But I also think we just need to make sure that we're getting the kinds of efficiency from these arrangements that we have conventionally assumed. And so I don't mean to be a wet blanket. I'm just saying if you could keep me particularly, but anyone else on the Board who is interested in this, on how exactly this works.

MR. WASSERMAN: Fair enough. We, if I may say, Mr. Comptroller?

COMPTROLLER FRANCHOT: Yeah.

MR. WASSERMAN: We expect to be back here on a number of occasions continuing to draw down the State appropriation so there will be lots of opportunity to brief you as we go.

COMPTROLLER FRANCHOT: Great. And then I just had a quick question on a different region, over on the Eastern Shore. Since you are up there, Mr. Wasserman, could you comment perhaps about the Eastern Shore Medical Center at Chestertown? That is a community that, as you know, lost their mental health facility several years ago and the Upper Shore has some real economic challenges, specifically around healthcare. And maybe you could provide me with just a quick 30 seconds on what your system's vision is of the hospital at Chestertown?

MR. WASSERMAN: So Chestertown. I think the first thing to say in response is that Shore Health System and we have assured the Chestertown, Kent County community that Chester River Hospital will remain open through 2022. I want to disabuse any sense that anyone might have that a decision has been made to do anything to Chester River. In the meantime, as you know, Mr. Comptroller and other members of the Board, there is a lot of uncertainty and there has been an unsettled feeling in the greater Kent County community. Some of that we could have done a better job at communicating. Some of it is the incredible challenges of responding to the, and I see a Kent County native here

who is listening carefully, of about rural Maryland and how you deliver healthcare to isolated communities like Chestertown.

We have made significant efforts I would say in the last couple of months of beginning to convince key stakeholders in Chestertown that we want to respond to what their concerns were about, feeling left vulnerable on weekends with service, and we've made progress in the recruitment of specialists who will spend time and fill some of the gaps that people were sensing there.

Just one more thing I'll mention is Chairman Hammond and Chairman Middleton are leading a really important with potential policy initiative to look at the special needs of rural Maryland with regard to healthcare. There are transportation issues. There are all manner, special issues here in these isolated communities. And finding the right balance of service and financial liability is a big, not only to us, but if you pick up some of our trade newspapers around the country, rural hospitals all over this country are closing. So this is a special struggle here.

Our vision is a five county system, replacing the hospital in Easton, ensuring the viability in Chestertown, and responding to the needs of Cambridge.

COMPTROLLER FRANCHOT: Thank you.

TREASURER KOPP: Just to go back to a not isolated county for a moment. On this project, on the Prince George's Hospital, is this, will there be

a point person or a point group? And if so, is this it? Or to whom do we turn for the next steps?

MR. WASSERMAN: So just what happens next and, you know --

TREASURER KOPP: Who to turn to at this point?

MR. WASSERMAN: What will happen is we are moving towards having the, what we know today as Dimensions Health, be absorbed as a wholly owned affiliate of the University of Maryland Medical System. We expect that to occur in the spring. There is a new governance mechanism that will be introduced at that point for a couple of years. We have a -- actually I should let Sherry talk about this for a second. But we know that what's really important to have success is for people like Sherry and others on her team to take this period between now and the time the doors open in the new hospital to try and make this entity much more efficient. And you want to say a word.

MS. PERKINS: So my name is Sherry Perkins. I'm the Executive Vice President and Chief Operating Officer of Dimensions, newly. And as Mark said we are now under a management agreement. So the University of Maryland Medical System has entered into the management of the current Dimensions Healthcare System and we expect by spring for the full acquisition to be completed.

TREASURER KOPP: And at which point Dimensions, you, Prince George's County, to whom do we turn?

MR. WASSERMAN: University of Maryland Medical System.

TREASURER KOPP: Mark Wasserman.

(Laughter.)

MR. WASSERMAN: No, well, I will say, Madam Treasurer, that this might be one of the most complex exercises with which I have ever been involved.

TREASURER KOPP: That's why I'm asking.

MR. WASSERMAN: And part of what we're dealing with here is county, State --

TREASURER KOPP: Exactly.

MR. WASSERMAN: -- Dimensions. And when the dust settles --

TREASURER KOPP: The people would like to know --

MR. WASSERMAN: Yeah. No, no, no, you should hold the, you know, we're in this transitional period right now but come spring, I mean, you can now, but come spring you can hold us accountable.

MS. PERKINS: We will --

MR. WASSERMAN: We are one.

MS. PERKINS: We will have a seven member management board after the acquisition that the Chief Executive Officer and I will be accountable to for the management of the Health System.

TREASURER KOPP: And that board will be responsive to questions from the public, the folks of Prince George's, the Legislature, and us?

MS. PERKINS: Absolutely, along with the leadership of the Healthcare System and the medical staff who represent the three part piece of how we run the place.

MR. WASSERMAN: Our intent is, our expectation is that Dimensions Health, it will be rebranded, will be treated just like any other affiliate in the University of Maryland Medical System. It will have a separate board. There is a fiduciary board that sits in Baltimore. But we expect a great deal out of the affiliate board. And we, our intent is to create the single most prestigious board in Prince George's County as we go.

MS. PERKINS: And again, I'm going to, I want to say thank you and make a promise. I am newly the Chief Operating Officer. I'm a registered nurse. I'm responsible for patient care and operations with the medical staff and the team. I spent 15 years in leadership in the University of Maryland Medical Center. And this unique relationship of the State, the county, the University of Maryland Medical System, I think is positioning us to absolutely deliver on this promise for a new delivery system for the residents of Prince George's County. We are changing right now and we will deliver on this promise.

TREASURER KOPP: Thank you.

MS. PERKINS: Thank you.

TREASURER KOPP: I look forward to watching it and appreciate it.

MS. PERKINS: Thank you. It will happen.

LIEUTENANT GOVERNOR RUTHERFORD: Great. Thank you very much.

MR. WASSERMAN: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: And just for the University System generally, I don't want you to fear based on what the Comptroller just said.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: So I have some questions but I am not necessarily opposed to CM process. I think it can be done well. But mine are going to be more transactional questions. So thank you very much.

MR. WASSERMAN: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Any other questions on the DSG Agenda? Is there a motion? Do we have a motion?

TREASURER KOPP: Favorable.

COMPROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: It's been seconded and we're all in favor. Thank you, Mr. Secretary.

MR. CHURCHILL: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Who's next? Department of Natural Resources.

MR. BELTON: Good morning, Lieutenant Governor, Mr. Comptroller, Madam Treasurer. For the record, I'm Mark Belton, Secretary of the Maryland Department of Natural Resources, and we have 11 items on our Real Property Agenda for your approval this morning.

LIEUTENANT GOVERNOR RUTHERFORD: I'll let people transition for a moment. A lot of people for the General Services Agenda. They didn't have to wait today. I see Delegate Anderson in the back, and you're here for Item 11? Did you wish to speak?

DELEGATE ANDERSON: As long as you guys approve it, we're good.

(Laughter.)

TREASURER KOPP: Okey-dokey.

LIEUTENANT GOVERNOR RUTHERFORD: Why don't you come up and tell us about it?

DELEGATE ANDERSON: Yes, sir. Good morning, everyone, secretaries. I'm blessed to be here. My name is Delegate Carl Anderson, Jr. I extremely blessed to represent Wicomico County up here in the General Assembly. And as you know, what you have in front of you is a perpetual

conservatory easement, that's a lot of big words to use this time of day, for the paleochannel and it's the water source for the central part of Wicomico County and Salisbury, Maryland. And it's very important as the Eastern Shore grows, as all of Maryland grows, the thing that separates the Eastern Shore, other than the Bay, from other parts of Maryland is all of our water is ground based, underground aquifers. We don't have any above ground aquifers. And so we have recharge areas and these are areas that are generally wetlands, sometimes just regular farmland open space, where the soil is more porous to allow those aquifers to recharge with rainwater. And as we saw with some development in the early nineties in North Salisbury, Walmart sits over a portion of the paleochannel and so as Mayor Day and the City Council were looking to figure out how to preserve some areas this idea was born. And so I'm just up here to support and thank you guys for doing what you do to conserve these precious spots. Because without water there's nothing else. So thank you.

TREASURER KOPP: Well said. Water and not just saline water -

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DELEGATE ANDERSON: Right.

TREASURER KOPP: -- that's coming in. Terrific --

DELEGATE ANDERSON: So thank you guys.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

DELEGATE ANDERSON: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: Good to see you.

Any other questions on the Department of Natural Resources?

COMPTROLLER FRANCHOT: No. Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We're all in favor. Okay. Thank you, Mr. Secretary. Department of Budget and Management.

MR. BRINKLEY: Good morning, Lieutenant Governor, Mr. Comptroller, Madam Treasurer. I'm David Brinkley, the Secretary of the Department of Budget and Management. We've brought 12 items for today's Agenda. I am withdrawing Items 1-S and 5-S, leaving ten items for your consideration. And I have individuals here to address any concerns or questions that you may have.

LIEUTENANT GOVERNOR RUTHERFORD: You said 5-S? All right. I have a quick question on 3-S, the Federal Express contract.

MR. BRINKLEY: Mm-hmm. Jamie Tomaszewski, my Chief of Procurement.

LIEUTENANT GOVERNOR RUTHERFORD: Yep, Jamie, good to see you.

MS. TOMASZEWSKI: Good to see you, Lieutenant Governor. Good morning. Good morning, Madam Treasurer, Mr. Comptroller. Jamie

Tomaszewski, Chief of Procurement for the Department of Budget and Management for the record.

LIEUTENANT GOVERNOR RUTHERFORD: I just wanted to get an idea of the process that you used to determine that it would be best to use an intergovernmental purchasing agreement for this contract.

MS. TOMASZEWSKI: Yes. Thank you, Lieutenant Governor. We actually had been in conversations with the Department of General Services about our small package delivery services with the State. Previously each State agency procured their own contracts. We have both contracts with FedEx and UPS for small package deliveries. It came to our attention that there was the NASPO cooperative agreement contract out there--

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. TOMASZEWSKI: -- available for use. So we looked into our historic usage for small packages, found that based on the rates that they were providing they were about half of what we were paying. We did compare that market with other contracts that were out there in other states and found that this was an excellent deal for the State to get economies of scale with the other states that are part of the ValuePoint contract with NASPO.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well that's, that was the main point. Let me ask, though, do we do a lot of, and I think

of FedEx, Federal Express as overnight. I know they have the three-day and five-day. Do we do a lot of overnight package delivery?

MS. TOMASZEWSKI: More than I thought there was out there.

It's not a lot.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. TOMASZEWSKI: For the past six months with the new rates it's been less than \$200,000. So for the five-year contract of \$3.5 million was based on the historic usage and about half the rate that we were paying previously.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Are we able to find out which departments are using it most?

MS. TOMASZEWSKI: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I'd like to get a copy of that.

MS. TOMASZEWSKI: Sure. Yeah, I have all of our data that we did --

LIEUTENANT GOVERNOR RUTHERFORD: So we can find out why they are doing that.

MS. TOMASZEWSKI: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: And is it more expensive than traditional mail? And why do you have to get it there that quickly?

MS. TOMASZEWSKI: Yeah, I think there's --

LIEUTENANT GOVERNOR RUTHERFORD: And I know you send out tax bills, but I don't think you send them that way.

MS. TOMASZEWSKI: Yeah. Some of it is just the, you know, three-day delivery and things like that. But --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. TOMASZEWSKI: -- and cheaper than our regular postage.

LIEUTENANT GOVERNOR RUTHERFORD: It's cheaper than the Postal Service?

MS. TOMASZEWSKI: Yeah in some of the cases, so.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. TOMASZEWSKI: Yeah, it was interesting finding, as we were researching it, finding out how much it actually did cost for --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. The Postal Service, do they enter into these types of agreements?

MS. TOMASZEWSKI: Not that I know of. And maybe that's something else for us to look at, too. Because we are currently working to get a contract with UPS as well to get better rates than we currently have.

LIEUTENANT GOVERNOR RUTHERFORD: We should ask the Postal Service if they --

MS. TOMASZEWSKI: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: -- I don't know.

This is just, we're all thinking out loud here.

MS. TOMASZEWSKI: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: I wonder if they do, if, they should. If they don't, I mean, there's a lot of competition there. A lot less letters, people don't write anymore. Anyone out here who have kids, they don't write you letters when they go to college.

(Laughter.)

MS. TOMASZEWSKI: They don't. They email.

LIEUTENANT GOVERNOR RUTHERFORD: You know, they call you, right, it's a grievance.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: So, I mean, but just generally speaking, you don't get letters anymore. You get bills but you don't get letters. And then if you pay online you don't even get the bills --

MS. TOMASZEWSKI: Right.

LIEUTENANT GOVERNOR RUTHERFORD: -- you just get, you know, junk mail. So that's about it.

TREASURER KOPP: This, so an agency can either use this or not use it?

MS. TOMASZEWSKI: Correct.

TREASURER KOPP: Right?

MS. TOMASZEWSKI: They can make the choice not to. But at the rates we're getting it's a very good deal.

TREASURER KOPP: So a question that has come up on the procurement task force before is you go out and bid and you look at everything, and this is the great rate. No problem about it. But this goes until 2021. A lot happens between now and 2021. Is an individual agency going out and testing the market the way we know that this is still the best price? Or what do you do to assure that --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

TREASURER KOPP: -- I don't know, the Postal Service, or what's the, UPS, or whatever --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: -- haven't done something?

MS. TOMASZEWSKI: Well I know right now there are agencies that prefer UPS over FedEx, and there's agencies that love FedEx and don't want UPS. And --

TREASURER KOPP: But I'm talking for financial reasons.

MS. TOMASZEWSKI: -- I'm hoping that they're looking at the, yeah, I'm hoping they are looking financially to compare and make sure. So that's why we're also looking at UPS and we'll definitely take a look at the Postal Service as well.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. And I guess the question, like you said, I mean, when I asked for those who are using FedEx, I'd like to have the UPS.

MS. TOMASZEWSKI: I have that.

LIEUTENANT GOVERNOR RUTHERFORD: Anyone who is using the package carriers --

MS. TOMASZEWSKI: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: -- and then the costs associated with it.

MS. TOMASZEWSKI: We definitely have that data.

LIEUTENANT GOVERNOR RUTHERFORD: But I think, and kind of dovetailing with the Treasurer's question, is that you get to year two or three, I mean, I would imagine we have a termination for convenience clause?

MS. TOMASZEWSKI: Absolutely yes.

LIEUTENANT GOVERNOR RUTHERFORD: That you can find out that FedEx is now offering to their best customers ten or 20 percent less than

what we provide because of efficiencies. They are delivering by drones, or something.

MS. TOMASZEWSKI: Right, exactly.

LIEUTENANT GOVERNOR RUTHERFORD: Or robots.

MS. TOMASZEWSKI: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: So we can go back to them and negotiate, renegotiate the contract at that point.

MS. TOMASZEWSKI: Absolutely, yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: Can we, but we can't, do we renegotiate this contract or a separate contract?

LIEUTENANT GOVERNOR RUTHERFORD: I guess we would bid. We could either bid or they could modify. They could modify --

MS. TOMASZEWSKI: Right.

LIEUTENANT GOVERNOR RUTHERFORD: -- the existing agreement or we would bid.

MS. TOMASZEWSKI: Right.

LIEUTENANT GOVERNOR RUTHERFORD: And then it would have to come back before --

TREASURER KOPP: Right.

MS. TOMASZEWSKI: Yeah, I was going to say if they weren't willing to negotiate with us those rates that they have that are better somewhere else --

TREASURER KOPP: And do you have the feeling that Utah is also periodically rescanning?

MS. TOMASZEWSKI: I'm not sure --

TREASURER KOPP: To see what is --

MS. TOMASZEWSKI: -- how their procurement process --

TREASURER KOPP: I mean, that's what, I don't understand --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: I understand how when we come up, ah-ha, we understand now they are not the cheapest anymore. That's, you can deal with it.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: But how you get to that point?

MS. TOMASZEWSKI: I understand part of their procurement process in doing the full five-year contract was they were trying to get the rates as low as they could for that full five-year period.

TREASURER KOPP: At this point.

MS. TOMASZEWSKI: Right.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. TOMASZEWSKI: So whether they would go back and --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, year three.

MS. TOMASZEWSKI: -- and look at each year or not, I'm not sure if they would or not. But we could definitely do that.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Thank you. While you're up there, and well I guess it's not you. It's 4-S.

MS. TOMASZEWSKI: Oh, okay.

LIEUTENANT GOVERNOR RUTHERFORD: I don't know if, that probably is not you.

MR. BRINKLEY: Stacey Little and Dana Dembrow.

MR. DEMBROW: Again, may it please the Board, my name is Dana Dembrow, Director of Procurement for the Department of Health and Mental Hygiene. With me is Ms. Little. We'll be happy to respond to questions. This has to do with reproductive health conference training. It used to be prescribed by the Centers for Disease Control and Access Matters, the successful vendor, had been their designated national training site. CDC stopped making that designation. We put it out to bid. Your question is going to be why did we only get one bid?

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. Exactly.

MR. DEMBROW: It's unfortunate. We sent it to 280 vendors. We posted it for a month online. We reached out to seven different prospective

vendors but we got one proposal. It came from the incumbent who had previously been designated by CDC and they are sort of the dominant company in the industry. They are the only one who bid. I don't know if Ms. Little can offer any additional insight into the procurement, but it is what it is. It is 100 percent federal funding and we only had one proposal.

MS. LITTLE: Yes. So just to reiterate --

LIEUTENANT GOVERNOR RUTHERFORD: Introduce yourself first.

MS. LITTLE: Oh. My name is Stacey Little. I'm the Acting Director for the Maternal and Child Health Bureau within the Department of Health and Mental Hygiene. So what we did do, we tried to do our best effort to follow up with the ones that we directly solicited and to find out why you did not apply. And we found out that they felt that the scope of work was too large for the amount of money that was being offered.

So this particular vendor, Access Matters, has been our vendor for over 15 years and has provided this same rate for that time. And they provide a unique set of services and have an ability to provide health technical experts across the country who can come to Maryland and provide that expertise because they do it through consultation. So they have a unique set of services that they can provide that I believe perhaps may have discouraged others from having applied.

MR. DEMBROW: The other vendors may well know what this company can charge for the services and they can't beat the price. So that's good news and bad news. We're getting a deal --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. DEMBROW: -- but we don't have competition because we're getting such a good deal.

LIEUTENANT GOVERNOR RUTHERFORD: Do you know why CDC no longer designates providers?

MS. LITTLE: They, in 2014 they decided to no longer have regional sites and instead have national sites. And those national sites focus on particular core areas and they don't provide direct technical assistance to grantees, directly funded grantees in the way in which their regional sites had once done.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right.

MR. DEMBROW: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MS. LITTLE: Thank you.

MR. DEMBROW: Thank you for asking.

LIEUTENANT GOVERNOR RUTHERFORD: Do you have any questions? I have a question on 8-S.

MR. BRINKLEY: 8-S, Secretary Sam Abed.

LIEUTENANT GOVERNOR RUTHERFORD: Juvenile Services.

MR. ABED: Good morning, Lieutenant Governor, Mr. Comptroller, Madam Treasurer. Sam Abed, Secretary for the Department of Juvenile Services.

LIEUTENANT GOVERNOR RUTHERFORD: Good afternoon or morning, whatever it still is.

MR. ABED: It's still morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good day. I guess the question is, how many responses did you get in the January solicitation in eMaryland Marketplace?

MR. ABED: This was not procured with a competitive procurement. These are human services contracts.

LIEUTENANT GOVERNOR RUTHERFORD: So you negotiated but you put out a request for expressions of interest in January of this year?

MR. ABED: I have my Procurement Director who may have more information on the procurement method.

MS. THORNTON: This was a new procurement --

LIEUTENANT GOVERNOR RUTHERFORD: You have to identify yourself.

MS. THORNTON: Ah, Debbie Thornton, Director of Procurement. This was, from what I understand was a new procurement that came out in my absence but there was a need for an additional service for this per

diem in that area. There was already a per diem for this service in that area. But this one came up as an additional service to assist those sexual offender problems in that area.

LIEUTENANT GOVERNOR RUTHERFORD: Right. But it was a, I understand, a non-competitive, negotiated procurement for social services or human services. But in the documentation it says that there was an advertisement of a request for expressions of interest. How many --

MR. ABED: I'll have to check to see --

LIEUTENANT GOVERNOR RUTHERFORD: -- interested parties came back?

MR. ABED: -- how many interested parties responded.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. ABED: I don't, I don't know if there were others that responded.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. That, yeah, that is, that's the key question. And then if there was more than this one entity that responded, how was there a decision to negotiate with just that one? Was it technical qualifications? How did we get here?

MR. ABED: Right. For this particular vendor we were looking for a need. This is treatment foster care.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. ABED: And the type of treatment foster care, we have one other provider on the Eastern Shore that does treatment foster care. This particular provider specializes in kids that have sex offenses or that need the type of foster care services generally that there are no other children in the home. And they also have some other specializations that weren't offered.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. ABED: So that was the reason for looking at this vendor. But I do have to come back to you on how many others may have responded.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. If you can provide that information, I mean, I'm not going to stop the process. But, and I don't know if the other members of the Board would want that information. But I would like to see it.

MR. ABED: We'll provide that.

LIEUTENANT GOVERNOR RUTHERFORD: How the decision is made, did you get more than one that requested? If it was the only one requested then that's the answer. But I would like to know.

COMPTROLLER FRANCHOT: Sure. Please include me too.

MR. ABED: Absolutely. Yes, sir. We will.

LIEUTENANT GOVERNOR RUTHERFORD: I guess you should send it to the Board. Make sure you copy me. Because the Governor might get it and is like, I don't remember this. So.

COMPTROLLER FRANCHOT: And could I just ask the Director of Procurement how long you've been with the agency and what was your training or preparation to be a procurement, in charge of procurement?

MS. THORNTON: I've been their Director of Procurement there for almost two years, just going on two years. Yeah.

COMPTROLLER FRANCHOT: And what was your training?

MS. THORNTON: I was a Procurement Officer there before that, yeah. So I was a procurement there, before that I worked at DBM in Budget and Management. So I've been with the State for 29 years.

COMPTROLLER FRANCHOT: Okay. Thank you for your service.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Did you issue the expressions of interest?

MS. THORNTON: This, I was out on --

LIEUTENANT GOVERNOR RUTHERFORD: Oh. Okay. You were on leave or something.

MR. ABED: She was on medical leave. She was --

MS. THORNTON: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Okay. I understand. Okay.

TREASURER KOPP: There were some other issues as I recall because someone was out on leave. You were the, you're back now?

MS. THORNTON: I probably was the one that was out.

LIEUTENANT GOVERNOR RUTHERFORD: You were the one, okay, all right.

TREASURER KOPP: Welcome back.

LIEUTENANT GOVERNOR RUTHERFORD: Well, welcome back. Yeah. Okay. All right.

MR. ABED: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

TREASURER KOPP: Governor, I have a question about, very brief question, on 7-S on Housing. I don't know that we need it right now. But I would like, Mr. Secretary, at some point to understand the vast difference in the financial responses. They just seem --

MR. BRINKLEY: Do you want me to call --

TREASURER KOPP: -- totally out of line. I have no problem with the item. I just would like to know if --

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

TREASURER KOPP: Well why don't we call Joe, is it Seehusen, the Director, up and maybe he can address that for you. I'm sorry if I butchered your name.

MR. SEEHUSEN: Thank you. Joe Seehusen, Director of Housing and Building Energy Programs with the Department of Housing and Community Development.

TREASURER KOPP: Great program. Great agency.

MR. SEEHUSEN: Thank you.

TREASURER KOPP: I'm sure you made the right decisions. But just looking at especially the financial rankings --

LIEUTENANT GOVERNOR RUTHERFORD: Project management, right.

MR. SEEHUSEN: It's an excellent question. It's a good process that we went through. I'm going to ask, if I might, Tom Walz who handled that to give that specific answer as to how that came to pass.

MR. WALZ: We have a -- my name is Tom Walz, I'm with the Maryland Department, I'm the Energy Production Manager. And we had a large portfolio of building types and we requested proposals from a number of different vendors who provided information with different skill sets that mirror those different building types. So one may have a deeper set in high rise construction, the other ones may have, and the applications that we received are, cover the spectrum of those types of buildings. So we will issue the work to the most appropriate vendor.

TREASURER KOPP: Great. Good. I'm not sure I understand how that answers my question but --

LIEUTENANT GOVERNOR RUTHERFORD: Well if you look at the project manager in particular the number one technical and overall was \$400,000 cheaper than the number two overall.

TREASURER KOPP: Or the next --

LIEUTENANT GOVERNOR RUTHERFORD: And then the next was, you know, almost a half a million dollar difference.

MR. BLUEY: Sure. Jonathan Bluey, Deputy Director of Housing and Building Energy Programs. I think this is a multifamily project and the different types of projects are ranging from low rise multifamily to high rise. And with that comes different specialties with doing this type of work. So there's, you know, for the low rise it takes a different type of specialty and different type of contractor than it does then for the high rise. And so you're going to get differences in pricing due to the expertise of the different companies.

MR. WALZ: And these values are not specifically the values of the award, of the specific project. We'll have a, there's a matrix of pricing that will be targeted to the asset, the capabilities that each offeror provided. So the full dollar values of those, for analysis purposes only.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. WALZ: But each of the targeted building type will be issued based on the best interest of the State for that particular cost and capability.

TREASURER KOPP: Okey-doke. I'll, maybe I'll learn as we go along. I'm still not entirely clear on this.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. I think we'd have to see, probably what would clear it up is seeing your matrix. Because like you're just saying that these numbers don't necessarily represent the full scope, I guess?

MR. WALZ: What I'm saying is is that --

LIEUTENANT GOVERNOR RUTHERFORD: You have another person coming up?

MR. WALZ: -- they don't represent the amount, they were priced based on a --

LIEUTENANT GOVERNOR RUTHERFORD: Sample?

MR. WALZ: -- analysis of our building stock. And before we started we had to figure out what the building stock was. We did not know which projects would be there. Each of the different buildings that we received an application to do the grant will be analyzed based on the matrix of its demographic, how many stories, how many different, you know, construction type, things like that. And then we will match the physical, the actual award for that particular project to the vendor based on that. So that compilation of the total

number is only a compilation of the different sample sizes. So we might have two of these buildings, one of these and one of these. And when we issue the purchase order to them, we will identify which vendor is more best suited to fill that void.

MR. BRINKLEY: Madam Treasurer, we have someone I think waiting who has the answer just burning on the tip of her tongue.

MR. WALZ: Oh, well there you go. Thank you.

MS. FLETCHER: Good morning, Madam Treasurer, Lieutenant Governor, Comptroller, I'm Jada Fletcher, Procurement Director for the Department of Housing and Community Development. Concerning your question about the vast difference in prices and service categories, particularly for service categories one and two, there was an apples to apples comparison concerning the price proposals. It was done, each price was submitted based on a set number of buildings for each category and then vendors submitted their price per building. So there is a difference in the price. And that is my understanding in working with the evaluation committee when that was discussed that we would move ahead with their recommendation for award to all vendors is that this is the customer investment fund and there is a deadline on the expenditure of the funds through May 31st of next year. And so we wanted to get as many that's currently under review with the PSC and we wanted to get as many buildings done as we could. So since all vendors were found to be reasonably susceptible of being

selected for award, that we would recommend award to all vendors but then actually assign the projects based on the best interest of the State with regard to the lowest price according to their capacity.

TREASURER KOPP: For a particular project?

MS. FLETCHER: Right.

TREASURER KOPP: So this is sort of --

MS. FLETCHER: It is a --

TREASURER KOPP: We shouldn't pay any attention to this?

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MS. FLETCHER: It is the, it is the price that their best and final offer based on the pricing matrix that we submitted but that is not, but that is not how, they will not necessarily get that number of buildings. The buildings will be allocated according to the best interest of the State.

LIEUTENANT GOVERNOR RUTHERFORD: And all of the offerors are under contract, or would be under contract?

MS. FLETCHER: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: But it just depends on the type of building that New Ecology may be working on which the sample size that you gave them they had the lowest price and at the same time were the highest technical?

MS. FLETCHER: Right.

LIEUTENANT GOVERNOR RUTHERFORD: Now are you required to give work to any of the bidders?

MS. FLETCHER: We are not and the contracts are written such that it's according to their price proposal. They do not have to exceed amounts.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. FLETCHER: And the actual amount assigned will be based on their pricing for that type of building.

LIEUTENANT GOVERNOR RUTHERFORD: And is the pricing when you go back to them for energy audit, is the pricing which they submitted in their sample? Or the pricing is based on the project? That they can come back with another price? They are not locked into these prices so they can come back and say, well, it's going to cost less than what this price might?

MS. FLETCHER: No, they are bound to the price that they put on their proposal. The buildings were broken up by number of units, materials used for the buildings. So they, the buildings are categorized in such a way that their assignments will fall into that category and so they will be bound to give that price.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So whatever price they bid in your sample size is the price they have to stay with?

MS. FLETCHER: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: There's good and bad with that. Because sometimes you make them compete against each other all over again and sharpen their pencils. But that's what you did. Does that --

TREASURER KOPP: Tell me again what your name is, if you don't mind?

MS. FLETCHER: Jada Fletcher.

TREASURER KOPP: Fletcher, Ms. Fletcher, thank you very much. You were very helpful.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MS. FLETCHER: Did that answer your question?

TREASURER KOPP: Yes. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: No, you explained it very well. These other guys were a little off the mark.

(Laughter.)

MR. BRINKLEY: Governor, we had to get all of them on base and let her hit the grand slam.

LIEUTENANT GOVERNOR RUTHERFORD: Exactly.

(Laughter.)

TREASURER KOPP: Glad you were there.

LIEUTENANT GOVERNOR RUTHERFORD: I don't know, a couple of them struck out though.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you.

TREASURER KOPP: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Any other questions on this? Do we have a -- DBM.

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Do we have a second?

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We're all in favor. University of Maryland.

MR. EVANS: Good morning. Joe Evans representing the University System of Maryland. We have five items on the Agenda. Item 3-C was revised. I'm here to answer any questions.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I have a, it's, I have a couple of process questions for you. And I know we talked about construction management and the bid package process that the University uses previously. So forgive me if I've forgotten some of the things that you've told me previously.

When I look at the first item, and I'm going to have similar questions for I think the next two, this bid package, the second of three, is awarded to the Plano firm and it says in the item that the estimated construction cost for the project is \$20.6 million. But below that it also says the overall project estimate is \$23.825 million including design, construction, and equipment. Is, are either of those numbers the guaranteed maximum price that the construction manager provided?

MR. EVANS: The guaranteed maximum price is, or bid package as we're calling them now is, for this particular one, is the \$6.1 million. So --

LIEUTENANT GOVERNOR RUTHERFORD: So it's just for that bid but not for all of the project?

MR. EVANS: Right.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Now but what are then the differences between the estimated construction cost of the project, \$20.6 million, and the overall project estimate?

MR. EVANS: The overall is including equipment and the AE, the design of it.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. EVANS: Where the 20, I think it was 20 --

LIEUTENANT GOVERNOR RUTHERFORD: \$20.6 million.

MR. EVANS: \$20.6 million is the actual construction.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Now I guess when we're disclosing all of that, was this information disclosed, the project estimate, is that an internal estimate? Or is that what the constructor gave you?

MR. EVANS: Which one is this now?

LIEUTENANT GOVERNOR RUTHERFORD: The \$20.6 million?

MR. EVANS: The \$20.6 million is, that's developed, excuse me, the overall budget is done and then the construction budget itself is done through the process of the, when we hire the AE in the CM process. There are cost estimates that are done independently by the AE and the CM --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. EVANS: -- during the design process. So you come to that figure for what the overall construction cost is going to be.

LIEUTENANT GOVERNOR RUTHERFORD: Now you just said that the guaranteed maximum price is for this item, the \$6.1 million. But would it not be the \$20.6 million if that's developed by your --

MR. EVANS: He's only, he's only at risk when he agrees to the GMP or the --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. EVANS: -- that's when he's at risk. So on this \$6.1 million, he's at risk, the Plano is at risk for that amount.

LIEUTENANT GOVERNOR RUTHERFORD: For the \$6.1 million?

MR. EVANS: Right.

LIEUTENANT GOVERNOR RUTHERFORD: And the previous was, so right now for the first two packages it's \$19.4 million, including this one. To hit the \$20.4 million or \$20.6 million you just have \$1.2 million to get to that number. Are you pretty comfortable that the third package is only going to be a \$1.2 million?

MR. EVANS: I haven't seen that packet. Let me bring up --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. EVANS: -- Neb Sertsu from --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, yes. I know Neb. How are you?

MR. SERTSU: I'm good. How are you, Lieutenant Governor?

LIEUTENANT GOVERNOR RUTHERFORD: Good to see you.

MR. SERTSU: Good.

LIEUTENANT GOVERNOR RUTHERFORD: Identify yourself for the record.

MR. SERTSU: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: Just because I know you doesn't --

MR. SERTSU: My name is Neb Sertsu. I'm the Vice President at the University of Baltimore and I manage our capital planning process.

LIEUTENANT GOVERNOR RUTHERFORD: And I want to say just the reason that I know Neb is that we used Neb as construction manager when I was at DGS for the Reginald Lewis Museum in Baltimore and he did an excellent job.

MR. SERTSU: Thank you, sir.

LIEUTENANT GOVERNOR RUTHERFORD: But despite that I'm still going to give you a hard time.

MR. SERTSU: I appreciate it and I will do my best to answer the questions. So in terms of this project, the \$20.6 million was developed initially when the budgeting model was developed for funding requests to the State. And so it represents what was the original funding request tied to our anticipated needs and the size of the project, the scope of the project. Plano at this point, the contractor, has done the first two bid packages and the modeling that we have suggests that they will be able to complete the third bid package within the \$20.6 million.

TREASURER KOPP: Can I just --

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

TREASURER KOPP: When was the \$23.825 million arrived at?

MR. SERTSU: The \$23.825 million is part of the overall project budget model.

TREASURER KOPP: No, I mean a point in time. What date?

MR. SERTSU: I would say it was probably in the neighborhood of 2015, 2016. But it carries escalation costs.

TREASURER KOPP: Recently?

MR. SERTSU: Yeah, it's recent.

TREASURER KOPP: With escalation, okay.

MR. SERTSU: Yeah, so it anticipates escalation and carries it to the duration of the project.

TREASURER KOPP: That was my question.

MR. SERTSU: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: And again understanding just the whole construction management, I do understand the at risk and then having the separate bid packages. And I guess maybe I'm still of a mindset of the bid process. Is that when you let the constructor know that you're, you know, how much money you're planning to spend or willing to spend, they, you know, they may not sharpen their pencil. If they can do --

MR. SERTSU: Of course.

LIEUTENANT GOVERNOR RUTHERFORD: -- the rest of the project for \$1 million instead of \$1.2 million, they will do it for \$1.2 million. Maybe.

MR. SERTSU: No, I can share my experience at least with this project --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. SERTSU: -- to talk about that. So while they certainly understand, even throughout the RFP process they get a sense for what the overall project budget is, what you do get with CM at risk is you have, the bidding process is open in that when they put out a bid package all of the firms that compete are managed and overseen by UMB's procurement office. We see all the bid packages, all of the scope review meetings. We are participants in that process. And so you can see that it is a competitive process and you can see that they are sharpening their pencils in that context. I think where you also get a level of protection is in that once these scope meetings are done and these contractors sign in, you are protected from the idea that they can then show up after they have won the project and all of a sudden suggest that they didn't understand the drawings and that there might be some, you know, clarifications that are required that all of a sudden open up the question about whether this was included in the package or not.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. SERTSU: So the CM is responsible for the scope meetings and we participate in them to make sure that there is nothing missed in essence.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. SERTSU: So I think that can maybe give you some confidence that the two, the first two bid packages are tight in that sense, in that all scope meetings, all of, you know, it was a competitive process and Plano is responsible for making sure that they have covered everything and that they cannot sort of come back to us and say all of a sudden there is something in the bid packages we didn't understand.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So before the first bid package was issued, did you short list the construction management teams? Because you said with each bid package you are sending it out to --

MR. SERTSU: This is for subcontractors.

LIEUTENANT GOVERNOR RUTHERFORD: Oh --

MR. SERTSU: So Plano is still, yeah.

LIEUTENANT GOVERNOR RUTHERFORD: Plano is the general.

MR. SERTSU: Plano is the general, in essence.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. SERTSU: And so --

LIEUTENANT GOVERNOR RUTHERFORD: So they are the general throughout?

MR. SERTSU: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. SERTSU: They get hired in the initial process and so their --

LIEUTENANT GOVERNOR RUTHERFORD: Are they the agent? Or they are not, or are they the construction --

MR. SERTSU: The CM.

MR. EVANS: The CM at risk. They are the CM.

MR. SERTSU: Yeah. They are the general --

LIEUTENANT GOVERNOR RUTHERFORD: But they are the constructor also?

MR. EVANS: They can't, they are a --

LIEUTENANT GOVERNOR RUTHERFORD: So they are more an agent? CM agent --

MR. SERTSU: There are limitations on what packages they can do themselves.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Okay.

MR. SERTSU: Yes.

MR. EVANS: They are not supposed to provide any self-performance on these contracts.

LIEUTENANT GOVERNOR RUTHERFORD: You said they are not?

MR. EVANS: They are not.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So they are an agent basically?

MR. EVANS: They are --

LIEUTENANT GOVERNOR RUTHERFORD: They are a CM agent versus CM constructor, which can be a challenge. Okay. So they are guaranteeing that it would be \$6.1 million based on the subcontractors and pricing that they have --

MR. SERTSU: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: -- to get the work done?

MR. SERTSU: Absolutely. And their fee is locked in in the initial process.

MR. EVANS: Right. That was also what I was going to say, that they are only getting a fee.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. EVANS: And that fee is locked in up front with the initial process.

LIEUTENANT GOVERNOR RUTHERFORD: Now the Langsdale Library, I just very, I'm not very familiar with the campus. What's being done with the old law school?

MR. SERTSU: So the old law school, we are, we named it after Meb Turner and it is the Learning Commons Building. And so we are certainly holding classes there. And we took advantage of the fact that the old law school had a library in it --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. SERTSU: -- so that the Langsdale functions have all moved into the old law school temporarily while we are renovating the building.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. SERTSU: So if you drove through our campus right now the Langsdale Building is totally gutted, all the interior demolition is done, the skin has been, you know, removed. And as soon as the project is done they will move back into that building and then we will repurpose the old law school library.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. I have a question on Item 2. Thank you, Neb.

MR. SERTSU: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Good to see you. I have a question on 2-C. This one I guess my question, it's more of a probably a concern than question. And that is it's on call construction management contracts

with six vendors, six large vendors, which there's nothing wrong with being large. But they have their, you have the ability to issue task orders up to \$15 million. That's higher than what I've seen in being at the Board of Public Works during this tenure and last, and I still review every Board item. But \$15 million task orders. I think it, one, if you had, you know, \$1 million task orders, \$2 million, or even \$5 million, you've squeezed out of course the smaller guys and gals. And but just the fact that it's, you know, \$15 million task orders seem to be a bit high to me. I mean, whereas I would think you would bid a \$15 million project, or a \$14.5 million project.

MR. EVANS: It is being bid. It's being bid amongst the --

LIEUTENANT GOVERNOR RUTHERFORD: Amongst the six -

-

MR. EVANS: -- the six CMs.

LIEUTENANT GOVERNOR RUTHERFORD: -- right. I don't know. Am I the only one that has that --

COMPTRROLLER FRANCHOT: Well no. My, isn't the -- well, I have a question if the Lieutenant Governor yielded. We're obviously with Item 2-C being asked to approve on call construction management at risk services for an amount not to exceed \$200 million with a two-year base term and three one-year renewal options. So I guess that adds up to \$500 million we're approving here of spending?

MR. EVANS: Let me see --

COMPTROLLER FRANCHOT: Potentially, with the three one-year renewals.

LIEUTENANT GOVERNOR RUTHERFORD: Could be. You would still need to bring -- yeah.

MR. EVANS: The three one-year renewals.

COMPTROLLER FRANCHOT: Okay. So we're being asked to approve \$500 million. That's obviously a lot of money. But it, that's not what really caught my eye on this, although I want to come back to the dollar amounts. Item 2-C is asking this Board to approve the on call construction management and then Item 3-C in the very same Agenda --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

COMPTROLLER FRANCHOT: -- the next one is asking for this Board to approve an actual contract that's already been negotiated through the on call construction management process that I think you are asking us to --

LIEUTENANT GOVERNOR RUTHERFORD: Approve what we're --

COMPTROLLER FRANCHOT: -- approve today. And that, I may be wrong on that but it certainly strikes me as putting the cart before the horse if we're asking to approve a procurement of pre-construction services that's yet even to be authorized by the Board of Public Works. So from a process

standpoint I guess, Ms. McDonald, are we even able to approve Item 3-C if we don't first approve Item 2-C?

SECRETARY MCDONALD: You would have to approve Item 2-C first.

MR. EVANS: Right.

SECRETARY MCDONALD: And then sequentially Item 3-C. It has rarely been done before but I think that's why they ordered them two and three. And yes, you could not, if you were not going to approve Item 2 you could not even have Item 3 submitted to you. I think they are trying to call them companion items.

MR. EVANS: The --

SECRETARY MCDONALD: The only clarification too as Mr. Evans knows is that on Item 2-C you're, it is a contract that is potentially worth \$500 million over the five years but the University will have to come back to the Board after year two --

MR. EVANS: Right.

SECRETARY MCDONALD: -- to ask to exercise the options --

MR. EVANS: We are not asking to, for the complete --

SECRETARY MCDONALD: To actually have the full authority of \$500 million now.

MR. EVANS: Right.

SECRETARY MCDONALD: But it is potentially a \$500 million contract, yes.

MR. EVANS: That's correct.

LIEUTENANT GOVERNOR RUTHERFORD: And you said you'll bring task orders of \$1 million back to the Board?

MR. EVANS: That's correct also.

LIEUTENANT GOVERNOR RUTHERFORD: Although this one is \$300,000.

SECRETARY MCDONALD: Yes so well in actuality --

MR. EVANS: This was for --

LIEUTENANT GOVERNOR RUTHERFORD: The second, Item 3. Three is.

SECRETARY MCDONALD: Well but it's actually \$800,000 even though their proposal price is \$336,000. But I guess adding on all the equipment we got it up to \$800,000. But yes, they are actually bringing one in that's under \$1 million.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: Can I just --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, continue.

COMPTROLLER FRANCHOT: -- recover my time? What is the response to the cart before the horse?

MR. EVANS: I'll try to answer this. The, this was a project, usually when we do, go out for bid on an on call contract we would either use an actual project or we will use sample projects. Most of the time what you will see is sample projects. In this case College Park had an actual project that they could put the on call CM out on. So the contractors bid on that particular project as part of the on call. Normally like I had one that was down, it was either last Board or the previous Board, for a design build. And we used sample contracts because we had no projects at that time for to put out that on call contract. So this has happened before, where we've used an actual project to put out the on call and then the Board has awarded that project up under the on call.

COMPTROLLER FRANCHOT: Okay. So --

MR. EVANS: This has happened before.

COMPTROLLER FRANCHOT: Yeah, it's a companion, I guess, is the correct description. But it appears that the six companies that will be able to compete for these contracts moving forward, and backward I guess, should Item 2-C be approved today, I assume some of the six companies that will be considered on call as part of this are well known to you? They are perhaps incumbents of similar existing University contracts. In the interests of competition could you tell me if any of the six companies being approved are not incumbents of similar existing University contracts or previous ones?

MR. EVANS: I have Robert Martinazzi from the University of Maryland College Park to answer that question.

MR. MARTINAZZI: Yes. For the record, Bob Martinazzi, University of Maryland College Park, Director of Construction and Facilities Procurement. And actually on this contract three of the firms have never done construction management services for the University of Maryland at College Park.

COMPTROLLER FRANCHOT: So the six --

MR. MARTINAZZI: So we are expanding that to out of the six.

COMPTROLLER FRANCHOT: Okay. That's fine. I would like to if possible, Lieutenant Governor, with your approval and discretion, if we could possibly postpone 2-C and 3-C till the next meeting. And the purpose for that is it's not, I'm not hostile to any of the University projects. I've just been on this Board for nine years and I've gotten a growing concern about what these construction management arrangements have evolved into. Obviously they are very complicated. There's a lot of jargon and terminology that we've heard even this morning. And I'm not, you know, obviously an expert on this and I'm not suggesting perhaps that all construction management contracts are not the best deal for taxpayers. But that's my perspective on your two proposals that are before us. And since the first one is a \$500 million potentially request, potential

request, I'd like to spend a couple of weeks, I think we have three weeks before our next meeting --

LIEUTENANT GOVERNOR RUTHERFORD: Three weeks, yes.

Mm-hmm.

COMPTROLLER FRANCHOT: -- exploring whether the taxpayers would be greater benefitted by a system of similar to DGS' system, as I understand it, design, bid, and construct. And as opposed to the new permutations of what you guys have evolved into. I mean, there's a certain level here that I have a, I'm trying to penetrate a little bit. And if I could get a couple of weeks I'd be grateful.

MR. EVANS: Mr. Comptroller --

LIEUTENANT GOVERNOR RUTHERFORD: I think we used, yeah, I think in that --

MR. EVANS: -- at the last Board meeting, this came up at the last Board meeting. And I think we shared with your office the joint chairman's report from 2015 which tasked DBM to look at the construction process for the State of Maryland. And I think out of that report it said that although we do it differently, that there is nothing to say that we are leaving money on the table for, by doing CM at risk. And in fact, I think that up under the CM at risk process that is we get a better control of the money because we're looking at those bids. We

get a chance to see every bid that's done against that CM process. That's not the case in a design build bid. That's not the case.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

COMPTROLLER FRANCHOT: I understand that. And it's a different perspective. But I think what I'm suggesting is that because we've got a lot of money involved, and I have some real growing concerns about whether this is the best deal for the taxpayers. I may be wrong. I'm not saying I'm ideologically opposed here. I'm just saying I'd like to have, for example, DGS perhaps go up and look at the new courthouse that has been bid in Catonsville, which I understand the winning bid was \$53 million on a design fixed bid proposal. And that everyone, or not a lot, everyone, but several people in the private sector had said if we had done that under the construction management model it would have been \$75 million. Now maybe that's just anecdotal stuff out there. But I would like to ask DGS in the next three weeks to look at the courthouse, complicated building, obviously, courthouses are. Not an academic building. But I'd like to have DGS look at it and get back to us as to whether the construction management model that is used by the University or by other entities would have resulted in a higher cost to the taxpayers. You could pick some academic buildings, perhaps and take a look at them. All I'm interested in is are we really saving ourselves, is this the best model for saving and using money most efficiently?

For example, I've often objected to these estimates that come in for buildings. They say, well, we've gotten approval from the Legislature for a \$200 million food research building, or something. Really? Where did the \$200 million come from? Well, I guess, I don't know but you guys might be able to help me, I think it comes from cost estimators looking at historic comparisons. Instead of doing a design of a food research building and then saying here's the design, here are the plans, here are the specifics, here's our approved general contractors. I have no problem with having an approved list so that we get reliable, quality work. But you guys go out and spend your own money figuring out what the lowest possible bid is and come back to us. And I know it's not particularly convenient, I guess, for the University or for other entities to do the design beforehand. But perhaps that might be a way that we could encourage some extra savings.

LIEUTENANT GOVERNOR RUTHERFORD: Well --

COMPTROLLER FRANCHOT: And then if I could just --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

COMPTROLLER FRANCHOT: -- wrap it up, the concern I guess expressed is, oh, when you do that without the construction manager then we're at risk of changes in the contracts. Okay, I'm open to being convinced. But, you know, say you've got a \$53 million bid for a courthouse in Catonsville and the general contractor comes in and says there's \$6 million in change orders that we

really want you to consider. That gets you up to \$59 million if you're saving another \$20 million because you are actually getting fixed bids on designs that are real. Maybe that's a way to go --

MR. EVANS: And I guess I --

LIEUTENANT GOVERNOR RUTHERFORD: Let me interrupt just for a moment.

COMPTRROLLER FRANCHOT: I don't mean to ramble on.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

COMPTRROLLER FRANCHOT: I really just want to move that we hold this off for three weeks --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

COMPTRROLLER FRANCHOT: -- until we, I get a chance to look at this in a little more detail. And talk to DGS, which I take it has a different system of design build versus construction management?

LIEUTENANT GOVERNOR RUTHERFORD: Well we looked at construction management many years ago when I was there, ten years ago. And my understanding, and correct me if I'm wrong, is that often when you hire the construction manager you hire them before you bring in the architect. And so they are involved in bringing in the architect. So you have really the designers there before you've gone to the next phase of putting together your bid packages and starting that construction process. And I see Neb there. Neb, we didn't use

construction management I don't believe with the Reginald Lewis Museum. But we --

MR. SERTSU: We did.

LIEUTENANT GOVERNOR RUTHERFORD: -- we did, it was almost a hybrid because we felt we needed to bring in a project manager, which was Neb was from the outside. He was a consultant at the time. And we hired him to manage almost like as if he was the construction management agent, which is what Plano in that other item is doing. So you know, I have not really weighted. But there are benefits associated with getting the construction management team in and their involvement in hiring the architect and working through that process with them. So there are benefits there and it tends to reduce the change order process.

MR. EVANS: Right. And the architect, be clear, the architect, we hire the architect. They work for us.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. EVANS: And then we hire the CM. So when the building is being, when it's being designed that CM is, we bring the pre-con down for approval, that's to bring that CM in so that he can work with the architect as they are designing that building. He's looking at the constructibility of it. They are looking, doing estimates on the pricing of it at that point. And at the end when that building is designed, they've come to what the design cost will be. And then

we start to do the bid packages. So I don't know that that's any different than designing a building completely and then putting it out to bid. Because I'm doing the same thing on the back end, only that I'm getting a chance to see what those bids actually are when they come in as opposed to a design bid bill.

COMPTROLLER FRANCHOT: Well I'm not disagreeing with you. But I would like to have a couple of weeks to look at this because I think it's a big ticket item.

LIEUTENANT GOVERNOR RUTHERFORD: How damaging would this be with a three-week delay?

MR. EVANS: None.

LIEUTENANT GOVERNOR RUTHERFORD: He shakes his head no? Okay. Well, we'll follow, unless do you have any concerns?

TREASURER KOPP: If it's not going to do harm, I have no problem having the Comptroller's Office look at this again.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: Maybe you could recirculate the reports that we all got previously with which as I recall DGS cooperated with the report on --

MR. EVANS: Right. It was us and DGS --

TREASURER KOPP: Joint. Yeah.

MR. EVANS: -- on the process.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: Why don't you also --

LIEUTENANT GOVERNOR RUTHERFORD: I'd like to see that, since I'm a part-time member or a substitute member of the Board. So if you could send me, Ms. Secretary?

MR. MARTINAZZI: We will. We're happy to cooperate with --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. If you could send me a copy of that --

MR. MARTINAZZI: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: -- I'd like to see that as well. Okay. We'll defer this.

SECRETARY MCDONALD: Oh --

LIEUTENANT GOVERNOR RUTHERFORD: Both two --

SECRETARY MCDONALD: -- vote to defer or are you withdrawing?

COMPTROLLER FRANCHOT: Item 2 and Item 3.

LIEUTENANT GOVERNOR RUTHERFORD: Item 2 and Item 3 will be --

SECRETARY MCDONALD: You are voting to defer, take an action.

LIEUTENANT GOVERNOR RUTHERFORD: Defer.

SECRETARY MCDONALD: Okay. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: So we'll bring it back the next, I guess deferring is just bringing it back to the next Board --

SECRETARY MCDONALD: Well it means that the Board has, the agency can withdraw an item and you won't have to vote or take an action. They can withdraw it. But if you are deferring --

TREASURER KOPP: What's the harm?

SECRETARY MCDONALD: -- the Board is deferring you are taking an action and they can bring it back when you tell them to bring it back. So --

TREASURER KOPP: At the next meeting.

SECRETARY MCDONALD: -- at the next meeting. So --

LIEUTENANT GOVERNOR RUTHERFORD: Next --

SECRETARY MCDONALD: -- we're deferring it to the next meeting.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

SECRETARY MCDONALD: Item 2 and Item 3.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Very informative.

MR. EVANS: Stay here?

LIEUTENANT GOVERNOR RUTHERFORD: I don't know if there any other questions. The others are equipment items. I don't have any other questions on the University Agenda.

COMPROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Move approval with the deferral of Item 2 and Item 3?

SECRETARY MCDONALD: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Can we get a second?

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: We're all in favor there. Okay. Thank you.

MR. EVANS: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Department of Information Technology.

MR. ESTRADA: Good afternoon.

LIEUTENANT GOVERNOR RUTHERFORD: Good afternoon.

MR. ESTRADA: Lieutenant Governor, Madam Treasurer, Mr. Comptroller, I'm Luis Estrada, the Deputy Secretary of the Department of Information Technology. Today we have five items on the Agenda. One is

supplemental and we are withdrawing Item 2-IT. And I have representatives for questions or concerns.

LIEUTENANT GOVERNOR RUTHERFORD: I was going to ask about 2-IT. Okay. Should I, if I ask about 5-IT does that mean the Comptroller comes up to --

MR. ESTRADA: We have another representative from his office.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well, that's okay.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: All right. I don't have any questions.

COMPROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We're all in favor. Thank you.

MR. ESTRADA: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay, that's it. We've got a -- no, wait a minute, wait a minute, I'm sorry. We have Transportation.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: I forgot. It was hiding behind things. I'm sorry.

MR. PORTS: Good afternoon, Madam Treasurer, Mr. Comptroller, Lieutenant Governor. For the record, my name is Jim Ports, Deputy Secretary for the Maryland Department of Transportation. We have, the Department of Transportation has eight items for your consideration today.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I have a question on 2-C. I know everybody wants to leave but the, it states that you're going to have 100 percent participation in this contract of MBEs. The prime is an MBE.

MR. PORTS: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: But I understand the prime MBE is only counted at 50 percent, correct? Okay. So if that's 50 percent for the prime, am I correct on that?

MR. PORTS: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. If it's 50 percent for the prime, and then the MBE has agreed to, or the prime has agreed to 46.5 percent, that comes up to 96.5 percent, not 100 percent, sir.

MR. PORTS: Yeah, you are --

LIEUTENANT GOVERNOR RUTHERFORD: Unless my math is wrong. I went to law school. I didn't, I wasn't a mathematician.

MR. PORTS: No, apparently you are very good at math, too, Mr. Lieutenant Governor.

LIEUTENANT GOVERNOR RUTHERFORD: So if we can make that correction?

MR. PORTS: And we can certainly make that correction. They must have gone to the math school that said once you hit five you round up.

LIEUTENANT GOVERNOR RUTHERFORD: You round up, right. Okay.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: All right. See? I do read these things. So okay. I just wanted to get that clarification there. I was going to ask a little bit about this MTA, but I don't, the 4-C modification, but it's only because it's a 50 percent increase. Fifty percent increase but the DBE participation --

MR. PORTS: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: -- is not quite, I mean, the goal is 25 but so far it's 8.2 percent and you're increasing by 50 percent. Is there an effort to make sure that we get the DBEs working on this project?

MR. PORTS: Absolutely. As a matter of fact, I believe about \$7 million has already been awarded. \$3.1 million of that was maintenance that was specific to the software.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. PORTS: And then there was another \$1.4 million that was also related to trapeze and cover devices which is proprietary software also.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. PORTS: But they believe that going forward a lot of the work is electrical, concrete, etcetera, etcetera, which would obviously offer opportunities for DBE increases and they believe they can still meet the goal.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Any questions?

TREASURER KOPP: Yeah, I had a question about Item 5, which was one where you reissued to get more competition.

MR. PORTS: I'm sorry, I couldn't, I'm sorry --

LIEUTENANT GOVERNOR RUTHERFORD: 5-M.

TREASURER KOPP: 5-M.

MR. PORTS: Mm-hmm.

TREASURER KOPP: You reissued to get more competition. Right? It had been a -- what is it that increased the competition, do you think?

MR. PORTS: I'm not sure. Let me ask Eric Lomboy. I know we

--

TREASURER KOPP: And it didn't increase it a lot but it --

MR. PORTS: No, we were looking for small businesses on this one also. And we did have a, it's 100 percent MBE and SBE, actually.

TREASURER KOPP: Yeah.

MR. PORTS: Is Eric still here?

MR. LOMBOY: I'm here.

MR. PORTS: Oh, Eric, there he is.

MR. LOMBOY: I'm just refreshing my memory.

TREASURER KOPP: Just out of curiosity, do you know what it was that made the difference?

MR. LOMBOY: For the record, Eric Lomboy. I'm the Acting Director of Procurement at State Highway Administration. And to answer so essentially what I'm led to believe is that the first round we advertised in December of 2015. The bids were open. We received one single bid.

TREASURER KOPP: Yeah.

MR. LOMBOY: We canceled it, reissued. I am unsure of what changes were made to increase --

TREASURER KOPP: Okay, that was my question. I've got the paragraph.

MR. LOMBOY: Yeah. My guess is that, and standard practice what we normally do, we look at what was included that could have limited competition. We also would have looked at who we were directly soliciting, looking at who the target was, also adjusting something as simple as the title which we have encountered in the past. People get an email through eMaryland Marketplace that says, you know, X. They click delete because it's not --

TREASURER KOPP: It's not --

MR. LOMBOY: -- what they think it is so they don't bother. So we have to evaluate things as simple as that.

TREASURER KOPP: Well that's good. I congratulate. You still kept the incumbent but there was more competition.

MR. LOMBOY: I believe so.

TREASURER KOPP: That's good.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: And Mr. Ports, could I just thank you. I just got a copy, I think we all did, of a report I asked for --

MR. PORTS: From the Port?

TREASURER KOPP: -- from Jim White on the Port.

MR. PORTS: Yeah.

TREASURER KOPP: Thank you. Thank you very much.

MR. PORTS: Oh, I read it. It was pretty comprehensive.

TREASURER KOPP: Yeah. Yeah. Yeah. Thank you very much.

MR. PORTS: Great. Thank you.

TREASURER KOPP: And I hope you'll share it with, I'm sure you will, with the Secretary sitting next to you.

MR. BELTON: I've got a copy as well. Thank you.

TREASURER KOPP: Yeah. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Greening the Port?

TREASURER KOPP: No, it's how you react to climate change.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay.

TREASURER KOPP: Things like you've got increased freeboarding, I mean, these are specific --

MR. PORTS: It was very comprehensive.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay.

TREASURER KOPP: -- adaptation responses, really.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Very good.

MR. PORTS: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: All right. I don't have any questions. Do you have additional questions on the Transportation Agenda?

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Do you have any additional questions on Transportation?

TREASURER KOPP: No, except, except --

LIEUTENANT GOVERNOR RUTHERFORD: Oh.

TREASURER KOPP: -- my deputy just points out that one thing about the resolicitation is sometimes just the date, if you do it during a Christmastime --

LIEUTENANT GOVERNOR RUTHERFORD: Oh.

TREASURER KOPP: -- or certain weather or whatever, it's just --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

TREASURER KOPP: -- interesting to look at. No. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. Timing. Timing is everything. Okay. We have a motion to approve the Transportation Agenda. I think that nod of the head was a second. And so we're all in favor. Thank you. Thank you. Thank everyone for being here.

SECRETARY MCDONALD: Three weeks.

(Whereupon, at 12:16 p.m., the meeting was concluded.)